

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

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Central Community Schools of Clinton County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2006 Election)		
Dona Bark	President	2006
Kurt Rickard	Vice President	2006
Larry Burken	Board Member (Resigned)	2008
Dennis Campbell	Board Member	2007
James Irwin, Jr.	Board Member	2007
Board of Education (After September 2006 Election)		
Dona Bark	President (Elected)	2008
Kurt Rickard	Vice President	2009
Dennis Campbell	Board Member	2007
James Irwin, Jr.	Board Member	2007
Bill Turnis	Board Member	2009
School Officials		
Dr. Carol Hansen	Superintendent	2007
Janice Culbertson	District Secretary and Business Manager	2007
Patti Waack	District Treasurer	2007
Brian Gruhn	Attorney	2007

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(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Central Community Schools of Clinton County:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central Community Schools of Clinton County, DeWitt, Iowa as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central Community Schools of Clinton County at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2008 on our consideration of the Central Community Schools of Clinton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Members American Institute & Iowa Society of Certified Public Accountants

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 17 and 40 through 41 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Central Community Schools of Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for three years ended June 30, 2006 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nolte, Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

March 5, 2008

Management Discussion and Analysis

Central Community Schools of Clinton County District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

* After the decision was made to begin Phase I construction at the High School, the board was notified that there would be parking problems to solve for the high school students and staff. The board considered many options and on July 12, 2006 voted to purchase the Krieger property located at 100 11th Street to be used as the Transportation Center and provide additional parking for staff, students, and events. The property was purchased for \$225,000.

* On July 12, 2006, the construction bid of \$2,573,523 was accepted from Precision Builders for Phase I and IA renovations at the High School. The groundbreaking ceremony was held on July 19, 2006.

* On September 12, 2006 Director Larry Burken resigned from the board due to his family moving.

* \$31,813 was spent to update and renovate the location for school use. On August 2, 2006 it was reported to the board that due to the purchase of the new bus barn location and additional items added to the capital projects list, the PPEL fund balance was under \$30,000.

* On August 2, 2006, the board decided to offer 1.2 acres of land at Welton (Midpark) for sale by sealed bid. The land was sold on September 20, 2006 to Ed Novak for a total of \$3,000.

* The school board election was held on September 12, 2006. Kurt Rickard and Bill Turnis were elected to three year positions and Dona Bark was elected to the two remaining years as the replacement candidate for Larry Burken's vacancy.

* STAR committee worked on plans to build a gymnasium and auditorium at the high school site. Fundraising efforts are being explored.

* Certified enrollment count on October 2, 2006 resulted in a 27.5 reduction in student population. This is the count that generates funding for the 2007-08 school year.

* An innovative calendar schedule for 2007-08 was adopted by the board. It will provide 177 days of instruction for the students and allows for an additional 3 professional days for the staff.

* A special board meeting for the purpose of discussing the financial conditions of Central Community Schools was held on October 25, 2006. The board reviewed all aspects of the funding for each of the funds. Due to the reduction in student population, the state designated allowable growth increase of 4% for 2007-08 is reduced to 2.2% for Central Schools. Budget reductions were explored including the possibility of staff reductions.

* The board also spent a special meeting in December working on goals for the year. They explored instruction goals, finances, expectations for students, and facilities. Facilities needs were listed in a ten year plan and reviewed regularly during the year.

* Security camera updates were approved by the board on March 7, 2007 at a cost of \$48,955 to be paid from the 1¢ sales tax fund.

* On March 31, 2007, the board agreed to \$330,000 in cuts for the 2007-08 school budget. The cuts would come from across the board including staff, transportation, maintenance, athletics, etc.

* Discussions started on the Phase IIA of the building plan which included the high school alternative classroom addition and the kitchen/cafeteria remodeling. This project would be financed through the 1¢ sales tax fund.

* The Saber Athletic Boosters initiated a project to update the existing concession stand at the high school site. It is estimated to be a \$12,000 project.

* It was decided to remove all underground fuel tanks from our properties. Transportation arranged to purchase fuel through key cards with a local vender.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Central Community School of Clinton County as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Central Community School of Clinton County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Central Community School of Clinton County acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Central Community Schools of Clinton County Annual Financial Report

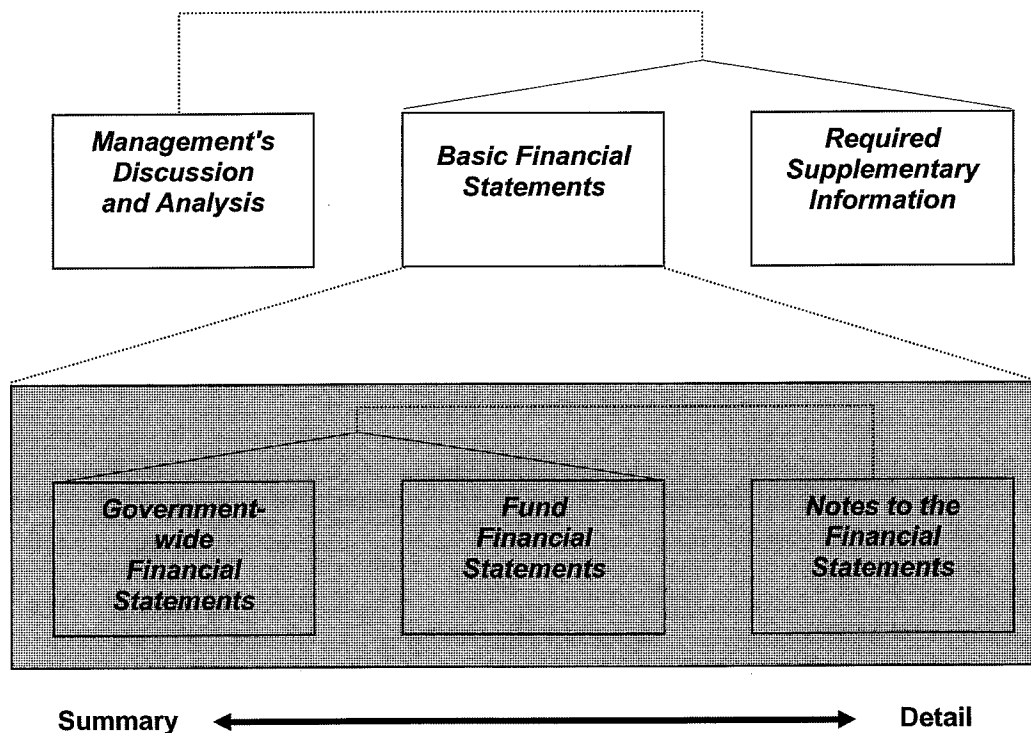


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net assets* and how they have changed. Net assets -- the difference between the District's assets and liabilities -- is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- * *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- * *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds focusing on its most significant or "major" funds -- not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Government Funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects, and Debt Service Fund.

The required financial statements for the governmental funds include a balance sheet and statements of revenues, expenditures and changes in fund balances.

2) *Proprietary Funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund. The District's internal service funds, one type of proprietary fund, are the same as its governmental activities, but provide more detail and additional information, such as cash flows. The District currently has one internal service fund account accounting for self-funded insurance.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) *Fiduciary Funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds are the Private-Purpose Trust Fund and Agency Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds for which the District administers and accounts for certain revenues collected for the PTO, Sabertooth, and Flex funds.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include the statement of fiduciary net assets and the statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at the year ended June 30, 2007 compared to June 30, 2006.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Current and other assets	\$ 12,902,800	11,562,046	73,812	48,000	12,976,612	11,610,046	11.77%
Capital assets	7,955,123	7,955,123	66,503	67,994	8,021,626	8,023,117	-0.02%
Total assets	20,857,923	19,517,169	140,315	115,994	20,998,238	19,633,163	6.95%
Long-term obligations	2,713,829	3,397,664	0	0	2,713,829	3,397,664	-20.13%
Other liabilities	6,657,927	6,334,167	5,521	11,489	6,663,448	6,345,656	5.01%
Total liabilities	9,371,756	9,731,831	5,521	11,489	9,377,277	9,743,320	-3.76%
Net assets:							
Invested in capital assets, net of related debt	8,082,188	7,862,138	66,503	67,994	8,148,691	7,930,132	2.76%
Restricted	2,013,523	602,682	0	0	2,013,523	602,682	234.09%
Unrestricted	1,390,456	1,320,518	68,291	36,511	1,458,747	1,357,029	7.50%
Total net assets	\$ 11,486,167	9,785,338	134,794	104,505	11,620,961	9,889,843	17.50%

The District's combined net assets increased by 17.50%, or \$1,731,118 over the prior year. The largest portion of the District's net assets is invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets increased \$1,410,841 or 234.09% over the prior year. This increase was due to the reclassification and restriction of the Capital Projects and Debt Service Funds.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or the legal requirement – increased \$101,718 or 7.50%. This increase in unrestricted net assets was a result of the District's increase in the Internal Service Fund balance.

Changes in net assets - Figure A-4 shows the changes in net assets for the year ended June 30, 2007 compared to June 30, 2006.

**Figure A-4
Changes of Net Assets**

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Revenues and Transfers:							
Program revenues:							
Charges for services	\$ 761,456	834,420	460,580	432,687	1,222,036	1,267,107	-3.56%
Operating grants and contributions and restricted interest	1,562,359	1,316,051	254,586	249,975	1,816,945	1,566,026	16.02%
General revenues:							
Property tax	4,714,059	4,169,002	0	0	4,714,059	4,169,002	13.07%
Income surtax	400,228	398,136	0	0	400,228	398,136	0.53%
Local option sales and services tax	1,126,096	951,293	0	0	1,126,096	951,293	18.38%
Unrestricted state grants	6,134,695	6,168,398	0	0	6,134,695	6,168,398	-0.55%
Unrestricted investment earnings	201,808	156,306	195	122	202,003	156,428	29.13%
Other	154,658	139,752	0	0	154,658	139,752	10.67%
Transfers	(97,660)	0	0	0	(97,660)	0	-100.00%
Total revenues and transfers	14,957,699	14,133,358	715,361	682,784	15,673,060	14,816,142	5.78%
Program expenses:							
Governmental activities:							
Instruction	8,403,847	8,128,251	0	0	8,403,847	8,128,251	3.39%
Support services	3,900,429	4,009,762	981	0	3,901,410	4,009,762	-2.70%
Non-instructional programs	0	8,623	684,091	680,656	684,091	689,279	-0.75%
Other expenses	952,594	1,328,194	0	0	952,594	1,328,194	-28.28%
Total expenses	13,256,870	13,474,830	685,072	680,656	13,941,942	14,155,486	-1.51%
Changes in net assets	1,700,829	658,528	30,289	2,128	1,731,118	660,656	162.03%
Beginning net assets	9,785,338	9,126,810	104,505	102,377	9,889,843	9,229,187	7.16%
Ending net assets	\$ 11,486,167	9,785,338	134,794	104,505	11,620,961	9,889,843	17.50%

In fiscal 2007, property tax, income surtax, local option sales and services tax and unrestricted state grants account for 82.73% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.97% of the revenue from business type activities.

The District's total revenues were approximately \$15.7 million of which \$15.0 million was for governmental activities and more than \$.7 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.78% increase in revenues and a 1.51% decrease in expenses. The decrease in expenses related to the reclassification and capitalization of construction costs.

Governmental Activities

Revenues and transfers for governmental activities were \$14,957,699 and expenses were \$13,256,870.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
Instruction	\$ 8,403,847	8,128,251	3.39%	6,696,376	6,504,427	2.95%
Support services	3,900,429	4,009,762	-2.73%	3,794,216	3,966,034	-4.33%
Non-instructional programs	0	8,623	-100.00%	0	7,623	-100.00%
Other expenses	952,594	1,328,194	-28.28%	442,463	846,275	-47.72%
Totals	<u>\$ 13,256,870</u>	<u>13,474,830</u>	<u>-1.62%</u>	<u>10,933,055</u>	<u>11,324,359</u>	<u>-3.46%</u>

* The cost financed by users of the Districts programs was \$761,456.

* Federal and state governments subsidized certain programs with grants and contributions totaling \$1,562,359.

* The net cost of governmental activities was financed with \$4,714,059 in property tax, \$400,228 in income surtax, \$1,126,096 in local option sales and services tax, \$6,134,695 in unrestricted state grants, \$201,808 in interest income and \$154,658 in other general revenues.

Business-Type Activities

Revenues of the District's business-type activities were \$715,361 and expenses were \$685,072. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the Year ended June 30, 2007, the District did increase meal prices. The meal prices will be increased for FY08 by \$.10 for breakfasts, lunches, and adult meals. Again the District will be obligating those increased revenues for replacement of obsolete kitchen equipment.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Central Community Schools of Clinton County District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,095,160, below last year's ending fund balance of \$5,048,145. However, the primary reason for the decrease was the capital facility improvements made during the year paid from the Capital Projects Fund.

Governmental Fund Highlights

- * The District's improving General Fund financial position is the product of many factors. The increase in revenues in local tax and state sources were greater than the increase in General Fund expenditures ensuring the increase in the financial position of the District.
- * The Capital Projects Fund balance decreased from \$2,642,221 to \$774,002. This was a result of an increase in capital facility improvements that were made during the year.
- * The Debt Service fund balance increased during the current year from \$650,715 to \$662,387. This was a result of anticipated bond principal and interest payments.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$104,505 at June 30, 2006 to \$134,794 at June 30, 2007, representing an increase of 28.98%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$525,935 more than budgeted revenues, a variance of 3.45%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

Total expenditures were more than budgeted, primarily to the District's budget for the 1¢ sales tax. The spending in the construction area was more than anticipated for the period of time therefore resulting in exceeding the certified budget for the other expenditures function. This had some good aspects, in that the construction was done on time and ready for school by August 2007.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the District had invested \$10.8 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 26.08% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$435,622.

The original cost of the District's capital assets was \$18,423,896. Governmental funds account for \$18,092,474 with \$331,422 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$9,434,863 at June 30, 2007, compared to \$6,589,778 at June 30, 2006. This resulted from District adding a five classroom addition and a weight room to the High School building.

Figure A-6
Capital Assets, Net of Depreciation
(Values are listed at acquisition cost)

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Land	\$ 661,178	586,178	0	0	661,178	586,178	11.34%
Buildings	9,434,863	6,589,778	0	0	9,434,863	6,589,778	30.16%
Land improvements	307,835	318,027	0	0	307,835	318,027	-3.31%
Machinery and equipment	383,312	461,140	66,503	67,994	449,815	529,134	-17.63%
Total	<u>\$ 10,787,188</u>	<u>7,955,123</u>	<u>66,503</u>	<u>67,994</u>	<u>10,853,691</u>	<u>8,023,117</u>	<u>26.08%</u>

Note: The above assets are only the capitalized assets over \$5,000 in initial cost. These are the only assets required to be depreciated according to GASB 34 and District policy.

Debt Administration

At year-end, the District had \$1,145,000 in general obligation bonds, \$1,560,000 in revenue bonds and \$8,829 in compensated absences outstanding. This represents a decrease of 20.13% over the previous fiscal year as can be seen in Figure A-7 below.

More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total
	2007	2006	Change
General obligation bonds	\$ 1,145,000	1,500,000	-23.67%
Revenue bonds	1,560,000	1,835,000	-14.99%
Early retirement	0	54,790	-100.00%
Compensated absences	8,829	7,874	12.13%
Totals	<u>\$ 2,713,829</u>	<u>3,397,664</u>	<u>-20.13%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

* The State has indicated the allowable growth for the upcoming year will be 4%. Since the District has been experiencing a decline in enrollment, Central received 2.2% in new money calculations for FY08. The 4% announced allowable growth for FY08 will not be adequate if our enrollment declines another year.

* Again we are into a fiscal year where there is no funding for technology from the state. The on-going costs for upgrades of software, licensing, and networking is a major expense to school districts. We are still seeking ways to fund our needs. Currently, the Title V funds are used for replacing equipment. But that is not adequate. FY08 the board decided to approve \$90,000 in technology costs from the PPEL fund. This is a reduction of \$10,000 from the previous year.

* Phase I construction is expected to be completed by August 2007 and the facilities occupied for the 2007-08 year. Phase I included five classrooms (science, computer/math and at risk), weight/wellness addition, and high school vocal room and connecting corridor addition. Plans are underway for the Phase IIA construction which will include an addition on to the high school for the alternative school and a remodeling and update for the cafeteria/kitchen area. The construction is financed with 1¢ sales tax funds on hand.

* The Board approved \$330,000 in budget reductions at the end of FY07. These are intended to help the financial picture of the General Fund for the FY08 school year. Reductions included three certified staff, extended days, .5 curriculum director, nine part time non-certified staff, extra curricular positions, bus route, and elementary swimming program.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Janice Culbertson, Business Manager, Administrative Offices, 100 6th Avenue, DeWitt, IA 52742.

BASIC FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 4,459,024	44,704	4,503,728
Receivables:			
Property tax:			
Delinquent	81,946	0	81,946
Succeeding year	4,868,009	0	4,868,009
Income surtax	360,884	0	360,884
Accounts	32,771	199	32,970
Due from other governments	268,101	0	268,101
Inventories	0	28,909	28,909
Capital assets, net of accumulated depreciation (Note 5)	10,787,188	66,503	10,853,691
TOTAL ASSETS	20,857,923	140,315	20,998,238
LIABILITIES			
Accounts payable	56,435	61	56,496
Contracts payable	415,616	0	415,616
Salaries and benefits payable	1,274,479	0	1,274,479
Interest payable	42,568	0	42,568
Deferred revenue:			
Succeeding year property tax	4,868,009	0	4,868,009
Other	820	0	820
Unearned revenue	0	5,460	5,460
Long-term liabilities (Note 6):			
Portion due within one year:			
General obligation bonds	365,000	0	365,000
Revenue bonds	285,000	0	285,000
Compensated absences	8,829	0	8,829
Portion due after one year:			
General obligation bonds	780,000	0	780,000
Revenue bonds	1,275,000	0	1,275,000
TOTAL LIABILITIES	9,371,756	5,521	9,377,277
NET ASSETS			
Invested in capital assets, net of related debt	8,082,188	66,503	8,148,691
Restricted for:			
Debt service	662,387	0	662,387
Talented and gifted	10,244	0	10,244
Salary improvement program	5,664	0	5,664
Professional development	3,240	0	3,240
Additional teacher contract day	374	0	374
Market factor	11,375	0	11,375
Phase II	338	0	338
Capital projects	774,002	0	774,002
Management levy	270,217	0	270,217
Physical plant and equipment levy	194,341	0	194,341
Other special revenue purposes	81,341	0	81,341
Unrestricted	1,390,456	68,291	1,458,747
TOTAL NET ASSETS	\$ 11,486,167	134,794	11,620,961

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business- Type Activities	Total
Functions/Programs					
Governmental activities:					
Instruction:					
Regular instruction	\$ 5,014,115	331,450	869,573	(3,813,092)	0
Special instruction	1,914,688	162,005	87,669	(1,665,014)	0
Other instruction	1,475,044	252,263	4,511	(1,218,270)	0
	<u>8,403,847</u>	<u>745,718</u>	<u>961,753</u>	<u>(6,696,376)</u>	<u>0</u>
Support services:					
Student services	580,217	0	0	(580,217)	0
Instructional staff services	441,201	0	0	(441,201)	0
Administration services	1,252,687	0	0	(1,252,687)	0
Operation and maintenance of plant services	904,649	0	0	(904,649)	0
Transportation services	721,675	15,738	90,475	(615,462)	0
	<u>3,900,429</u>	<u>15,738</u>	<u>90,475</u>	<u>(3,794,216)</u>	<u>0</u>
Other expenditures:					
Long-term debt interest	126,036	0	0	(126,036)	0
AEA flowthrough	510,131	0	510,131	0	0
Depreciation(unallocated)*	316,427	0	0	(316,427)	0
	<u>952,594</u>	<u>0</u>	<u>510,131</u>	<u>(442,463)</u>	<u>0</u>
Total governmental activities	13,256,870	761,456	1,562,359	(10,933,055)	0
Business-Type activities:					
Support services:					
Administration services	981	0	0	(981)	(981)
Non-instructional programs:					
Nutrition services	684,091	460,580	254,586	0	31,075
Total business-type activities	<u>685,072</u>	<u>460,580</u>	<u>254,586</u>	<u>0</u>	<u>30,094</u>
Total	<u>\$ 13,941,942</u>	<u>1,222,036</u>	<u>1,816,945</u>	<u>(10,933,055)</u>	<u>30,094</u>
General Revenues and Transfers:					
General Revenues:					
Property tax levied for:					
General purposes			\$ 3,923,563	0	3,923,563
Debt services			412,796	0	412,796
Capital outlay			377,700	0	377,700
Income surtax			400,228	0	400,228
Local option sales and service tax			1,126,096	0	1,126,096
Unrestricted state grants			6,134,695	0	6,134,695
Unrestricted investment earnings			201,808	195	202,003
Other general revenues			154,658	0	154,658
Transfers			(97,660)	0	(97,660)
Total general revenues and transfers			<u>12,633,884</u>	<u>195</u>	<u>12,634,079</u>
Changes in net assets			1,700,829	30,289	1,731,118
Net assets beginning of year			9,785,338	104,505	9,889,843
Net assets end of year			<u>\$ 11,486,167</u>	<u>134,794</u>	<u>11,620,961</u>

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
ASSETS					
Cash and pooled investments	\$ 2,075,899	1,085,039	655,626	642,839	4,459,403
Receivables:					
Property tax					
Delinquent	65,540	0	6,731	9,675	81,946
Succeeding year	3,874,006	409,688	0	584,315	4,868,009
Income surtax	360,884	0	0	0	360,884
Interfund	104,289	0	0	0	104,289
Accounts	32,111	0	0	660	32,771
Due from other governments	162,220	105,808	30	43	268,101
TOTAL ASSETS	\$ 6,674,949	1,600,535	662,387	1,237,532	10,175,403
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund payable	\$ 0	0	0	104,000	104,000
Accounts payable	51,888	1,229	0	3,318	56,435
Contracts payable	0	415,616	0	0	415,616
Salaries and benefits payable	1,274,479	0	0	0	1,274,479
Deferred revenue:					
Succeeding year property tax	3,874,006	409,688	0	584,315	4,868,009
Income surtax	360,884	0	0	0	360,884
Other	820	0	0	0	820
Total liabilities	5,562,077	826,533	0	691,633	7,080,243
Fund balances:					
Reserved for:					
Debt service	0	0	662,387	0	662,387
Talented and gifted	10,244	0	0	0	10,244
Salary improvement program	5,664	0	0	0	5,664
Professional development	3,240	0	0	0	3,240
Additional teacher contract day	374	0	0	0	374
Market factor	11,375	0	0	0	11,375
Phase II	338	0	0	0	338
Unreserved	1,081,637	774,002	0	545,899	2,401,538
Total fund balances	1,112,872	774,002	662,387	545,899	3,095,160
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,674,949	1,600,535	662,387	1,237,532	10,175,403

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total fund balances of governmental funds (page 20)	\$ 3,095,160
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	10,787,188
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	360,884
Blending of the Internal Service Funds to be reflected on an entity-wide basis.	(668)
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(42,568)
Long-term liabilities, including bonds payable and compensated absences payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(2,713,829)</u>
Net assets of governmental activities (page 18)	<u><u>\$ 11,486,167</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
REVENUES:					
Local sources:					
Local tax	\$ 4,103,432	1,126,096	412,796	577,153	6,219,477
Tuition	360,671	0	0	0	360,671
Other	369,534	120,600	8,930	340,795	839,859
Intermediate sources	8,321	0	0	0	8,321
State sources	7,336,027	0	0	0	7,336,027
Federal sources	270,098	0	0	0	270,098
Total revenues	12,448,083	1,246,696	421,726	917,948	15,034,453
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	5,013,576	0	0	70,827	5,084,403
Special instruction	1,935,040	0	0	7,845	1,942,885
Other instruction	1,191,805	0	0	288,271	1,480,076
	8,140,421	0	0	366,943	8,507,364
Support services:					
Student services	584,199	0	0	1,819	586,018
Instructional staff services	371,234	0	0	77,773	449,007
Administration services	1,281,292	0	0	15,450	1,296,742
Operation and maintenance of plant services	937,067	0	0	94,464	1,031,531
Transportation services	612,549	0	0	30,743	643,292
	3,786,341	0	0	220,249	4,006,590
Other expenditures:					
Facilities acquisitions	0	2,760,580	0	343,006	3,103,586
Long-term debt:					
Principal	0	0	630,000	0	630,000
Interest and fiscal charges	0	0	134,389	0	134,389
AEA flowthrough	510,131	0	0	0	510,131
	510,131	2,760,580	764,389	343,006	4,378,106
Total expenditures	12,436,893	2,760,580	764,389	930,198	16,892,060
Excess(deficiency) of revenues over(under) expenditures	11,190	(1,513,884)	(342,663)	(12,250)	(1,857,607)
Other financing sources(uses):					
Transfers in	2,218	0	354,335	0	356,553
Transfers out	0	(354,335)	0	(99,878)	(454,213)
Proceeds from the disposal of property	16	0	0	2,266	2,282
Total other financing sources(uses)	2,234	(354,335)	354,335	(97,612)	(95,378)
Net change in fund balances	13,424	(1,868,219)	11,672	(109,862)	(1,952,985)
Fund balance beginning of year	1,099,448	2,642,221	650,715	655,761	5,048,145
Fund balance end of year	\$ 1,112,872	774,002	662,387	545,899	3,095,160

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds (page 22) \$ (1,952,985)

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense and loss on disposal of capital assets in the current year, as follows:

Capital expenditures	\$ 3,251,003	
Depreciation expense	(417,426)	
Loss on disposal of capital assets	<u>(1,512)</u>	2,832,065

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.	630,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	8,353
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.

Early retirement	\$ 54,790	
Compensated absences	<u>(955)</u>	53,835

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.	20,906
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Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis.	<u>108,655</u>
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Changes in net assets of governmental activities (page 19)	<u><u>\$ 1,700,829</u></u>
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SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2007

	Business-Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
ASSETS		
Cash and cash equivalents	\$ 44,704	0
Accounts receivable	199	0
Inventories	28,909	0
Capital assets, net of accumulated depreciation (Note 5)	66,503	0
TOTAL ASSETS	140,315	0
LIABILITIES		
Excess of warrants issued over bank balance	0	379
Interfund payable	0	289
Accounts payable	61	0
Unearned revenue	5,460	0
TOTAL LIABILITIES	5,521	668
NET ASSETS		
Invested in capital assets	66,503	0
Unrestricted	68,291	(668)
TOTAL NET ASSETS	\$ 134,794	(668)

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007

	Business-Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 460,569	1,614,372
OPERATING EXPENSES:		
Support services:		
Administrative services:		
Services	981	1,505,717
Non-instructional programs:		
Food service operations:		
Salaries	284,653	0
Benefits	50,809	0
Services	8,887	0
Supplies	321,117	0
Depreciation	18,196	0
Other	429	0
	684,091	0
TOTAL OPERATING EXPENSES	685,072	1,505,717
OPERATING INCOME (LOSS)	(224,503)	108,655
NON-OPERATING REVENUES:		
Interest income	195	0
State sources	8,037	0
Federal sources	246,560	0
TOTAL NON-OPERATING REVENUES	254,792	0
Changes in net assets	30,289	108,655
Net assets at beginning of year	104,505	(109,323)
Net assets end of year	\$ 134,794	(668)

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007

	Business-Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 455,530	0
Cash received from miscellaneous operating activities	3,423	1,618,094
Cash payments to employees for services	(335,462)	0
Cash payments to suppliers for goods or services	(280,386)	(1,737,197)
Net cash used in operating activities	(156,895)	(119,103)
Cash flows from non-capital financing activities:		
Repayment of interfund borrowings to General Fund	(4,434)	(471)
State grants received	8,037	0
Federal grants received	199,790	0
Net cash provided by(used in) non-capital financing activities	203,393	(471)
Cash flows from capital financing activities:		
Purchase of assets	(16,705)	0
Net cash used in capital financing activities	(16,705)	0
Cash flows from investing activities:		
Interest on investments	195	0
Net cash provided by investing activities	195	0
Net increase(decrease) in cash and cash equivalents	29,988	(119,574)
Cash and cash equivalents at beginning of year	14,716	119,195
Cash and cash equivalents at end of year	\$ 44,704	(379)
Reconciliation of operating income(loss) to net cash used in(provided by) operating activities:		
Operating income(loss)	\$ (224,492)	108,655
Adjustments to reconcile operating income(loss) to net cash used in operating activities:		
Commodities consumed	47,345	0
Depreciation	18,196	0
Decrease in inventories	3,800	0
(Increase)Decrease in accounts receivable	(199)	3,722
Decrease in accounts payable	(117)	0
Decrease in incurred but not reported	0	(231,480)
Decrease in deferred revenue	(1,417)	0
Net cash used in operating activities	\$ (156,884)	(119,103)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:		
Current assets:		
Cash and pooled investments	\$ 44,704	(379)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2007, the District received federal commodities valued at \$47,345.
SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2007

	Private Purpose Trust Scholarship Fund	Agency Fund
ASSETS		
Cash and pooled investments	\$ 97,880	36,370
Accrued interest receivable	705	0
Total assets	<u>98,585</u>	<u>36,370</u>
LIABILITIES		
Accounts payable	0	80
Due to other groups	0	36,290
Total liabilities	<u>0</u>	<u>36,370</u>
NET ASSETS		
Reserved for scholarships	<u>\$ 98,585</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2007

	Private Purpose Trust Scholarship Fund
Additions:	
Local sources:	
Gifts and contributions	\$ 500
Interest income	4,925
Total additions	<u>5,425</u>
Deletions:	
Non-instructional programs:	
Scholarships awarded	4,500
Total deletions	<u>4,500</u>
Change in net assets before other financing sources	925
Other financing sources:	
Transfer in	<u>97,660</u>
Change in net assets	98,585
Net assets beginning of year	<u>0</u>
Net assets end of year	<u>\$ 98,585</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

(1) Summary of Significant Accounting Policies

The Central Community Schools of Clinton County is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of DeWitt, Iowa, and the predominate agricultural territory in Clinton County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Central Community Schools of Clinton County has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Central Community Schools of Clinton County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Clinton County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition of capital facilities.

The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt.

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the District's self-funded dental insurance plan.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary fund includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as and agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB

pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been

recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

Property, machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-12 years

Salaries and Benefits Payable - Payroll and related expenditures for contracts corresponding to the current

school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the Government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the other expenditures functions exceeded the amounts budgeted.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 281,500</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2007 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue, Physical Plant and Equipment Levy	\$ 104,000
General	Internal Service	<u>289</u>
Total		<u>\$ 104,289</u>

(4) Transfers

The detail of transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 354,335
General	Special Revenue, Student Activity	2,218
Private Purpose Trust	Special Revenue, Expendable Trust	97,660
		<u>\$ 454,213</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 586,178	75,000	0	661,178
Total capital assets not being depreciated	<u>586,178</u>	<u>75,000</u>	<u>0</u>	<u>661,178</u>
Capital assets being depreciated:				
Buildings	11,749,472	3,120,810	0	14,870,282
Land improvements	567,224	31,305	0	598,529
Machinery and equipment	2,049,874	23,888	111,277	1,962,485
Total capital assets being depreciated	<u>14,366,570</u>	<u>3,176,003</u>	<u>111,277</u>	<u>17,431,296</u>
Less accumulated depreciation for:				
Buildings	5,159,694	275,725	0	5,435,419
Land improvements	249,197	41,497	0	290,694
Machinery and equipment	1,588,734	100,204	109,765	1,579,173
Total accumulated depreciation	<u>6,997,625</u>	<u>417,426</u>	<u>109,765</u>	<u>7,305,286</u>
Total capital assets being depreciated, net	<u>7,368,945</u>	<u>2,758,577</u>	<u>1,512</u>	<u>10,126,010</u>
Governmental activities capital assets, net	<u>\$ 7,955,123</u>	<u>2,833,577</u>	<u>1,512</u>	<u>10,787,188</u>
Business-type activities:				
Machinery and equipment	\$ 314,717	16,705	0	331,422
Less accumulated depreciation	246,723	18,196	0	264,919
Business-type activities capital assets, net	<u>\$ 67,994</u>	<u>(1,491)</u>	<u>0</u>	<u>66,503</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:	
Regular	\$ 15,660
Support services:	
Instructional staff	278
Administrative	2,304
Operation and maintenance of plant	2,902
Transportation	79,855
	<u>100,999</u>
Unallocated depreciation	<u>316,427</u>
Total governmental activities depreciation expense	<u>\$ 417,426</u>

Business-type activities:

Food service	<u>\$ 18,196</u>
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(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 1,500,000	0	355,000	1,145,000	365,000
Revenue bonds	1,835,000	0	275,000	1,560,000	285,000
Early retirement	54,790	0	54,790	0	0
Compensated absences	7,874	8,829	7,874	8,829	8,829
Total	<u>\$ 3,397,664</u>	<u>8,829</u>	<u>692,664</u>	<u>2,713,829</u>	<u>658,829</u>

General Obligation Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Bond issue of August 1, 2001	Interest Rate	Principal	Interest	Total
2008	3.000 %	\$ 365,000	44,437	409,437	
2009	3.000	385,000	29,218	414,218	
2010	3.250	395,000	12,844	407,844	
Total		<u>\$ 1,145,000</u>	<u>86,499</u>	<u>1,231,499</u>	

Revenue Bonds Payable

Details of the District's June 30, 2007 revenue bonded indebtedness is as follows:

Year Ending June 30,	Bond issue of August 1, 2001			
	Interest Rate	Principal	Interest	Total
2008	4.375 % \$	285,000	62,890	347,890
2009	4.250	300,000	50,280	350,280
2010	4.400	310,000	37,085	347,085
2011	4.500	325,000	22,952	347,952
2012	4.600	340,000	7,820	347,820
Total		\$ 1,560,000	181,027	1,741,027

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$281,500 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$444,922, \$418,787 and

\$424,966, respectively, equal to the required contributions for each year.

(8) Risk Management

The District has a self-funded dental insurance plan. Total out of pocket expense per participant is \$1,000. Settle claims have not exceeded the commercial coverage in any of the past three years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That balance was a deficit \$668 at June 30, 2007.

The Central Community Schools of Clinton County is exposed to various risks to loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$510,131 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2007, expenditures in the other expenditures function exceeded the amount budgeted.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2007

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 7,420,007	460,775	7,880,782	7,554,043	7,554,043	326,739
Intermediate sources	8,321	0	8,321	2,500	2,500	5,821
State sources	7,336,027	8,037	7,344,064	7,285,499	7,285,499	58,565
Federal sources	270,098	246,549	516,647	381,837	381,837	134,810
Total revenues	15,034,453	715,361	15,749,814	15,223,879	15,223,879	525,935
Expenditures:						
Instruction	8,507,364	0	8,507,364	8,416,291	8,616,291	108,927
Support services	4,006,590	981	4,007,571	4,195,728	4,259,693	252,122
Non-instructional programs	0	684,091	684,091	530,000	687,000	2,909
Other expenditures	4,378,106	0	4,378,106	3,709,456	3,910,000	(468,106)
Total expenditures	16,892,060	685,072	17,577,132	16,851,475	17,472,984	(104,148)
Excess(deficiency) of revenues over(under) expenditures	(1,857,607)	30,289	(1,827,318)	(1,627,596)	(2,249,105)	421,787
Other financing uses, net	(95,378)	0	(95,378)	0	0	(95,378)
Excess(deficiency) of revenues over(under) expenditures and other financing uses	(1,952,985)	30,289	(1,922,696)	(1,627,596)	(2,249,105)	326,409
Balance beginning of year	5,048,145	104,505	5,152,650	5,636,550	5,636,550	(483,900)
Balance end of year	\$ 3,095,160	134,794	3,229,954	4,008,954	3,387,445	(157,491)

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2007, expenditures in the other expenditures function exceeded the amount budgeted.

OTHER SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2007

	Nonmajor Special Revenue Funds			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 268,673	81,094	293,072	642,839
Receivables:				
Property tax:				
Current year delinquent	3,475	0	6,200	9,675
Succeeding year	200,000	0	384,315	584,315
Accounts	0	660	0	660
Due from other governments	16	0	27	43
TOTAL ASSETS	\$ 472,164	81,754	683,614	1,237,532
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund payable	\$ 0	0	104,000	104,000
Accounts payable	1,947	413	958	3,318
Deferred revenue:				
Succeeding year property tax	200,000	0	384,315	584,315
Total liabilities	201,947	413	489,273	691,633
Fund balances:				
Unreserved	270,217	81,341	194,341	545,899
TOTAL LIABILITIES AND FUND BALANCES	\$ 472,164	81,754	683,614	1,237,532

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2007

	Nonmajor Special Revenue Funds				
	Manage- ment	Student Activity	Physical Plant and Equipment Levy	Expendable Trust	Total
REVENUES:					
Local sources:					
Local tax	\$ 199,453	0	377,700	0	577,153
Other	23,129	306,239	11,427	0	340,795
TOTAL REVENUES	222,582	306,239	389,127	0	917,948
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	70,827	0	0	0	70,827
Special instruction	7,845	0	0	0	7,845
Other instruction	3,939	284,332	0	0	288,271
Support services:					
Student services	1,819	0	0	0	1,819
Instructional staff services	1,051	0	76,722	0	77,773
Administration services	7,750	0	7,700	0	15,450
Operation and maintenance of plant services	94,464	0	0	0	94,464
Transportation services	30,743	0	0	0	30,743
Other expenditures:					
Facilities acquisition	0	0	343,006	0	343,006
TOTAL EXPENDITURES	218,438	284,332	427,428	0	930,198
Excess(deficiency) of revenues over(under) expenditures	4,144	21,907	(38,301)	0	(12,250)
OTHER FINANCING SOURCES(USES):					
Proceeds from the disposal of property	0	0	2,266	0	2,266
Transfer out	0	(2,218)	0	(97,660)	(99,878)
TOTAL OTHER FINANCING SOURCES(USES)	0	(2,218)	2,266	(97,660)	(97,612)
Net change in fund balances	4,144	19,689	(36,035)	(97,660)	(109,862)
Fund balances beginning of year	266,073	61,652	230,376	97,660	655,761
Fund balances end of year	\$ 270,217	81,341	194,341	0	545,899

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Activity tickets	\$ 2,678	31,493	32,331	1,840
Interest	760	371	0	1,131
MS drama	903	632	964	571
MS vocal music	2,890	942	498	3,334
MS instrumental music	564	2,665	1,517	1,712
MS general athletics	337	0	42	295
MS boys basketball	351	1,138	416	1,073
MS boys football	1	1,121	1,108	14
MS boys track	533	207	680	60
MS cross country	0	6	0	6
MS boys wrestling	1	462	358	105
MS girls basketball	2	834	465	371
MS girls volleyball	102	944	360	686
MS girls track	314	2,260	2,466	108
MS yearbook	2,937	2,531	3,539	1,929
MS student building project	416	164	110	470
MS concessions	7,674	8,550	6,064	10,160
D.A.R.E.	314	0	0	314
MS student council	1,007	1,757	2,119	645
HS drama	7,056	1,343	76	8,323
HS speech	389	380	606	163
HS vocal music	4,131	6,551	5,579	5,103
HS instrumental music	15,777	4,326	3,837	16,266
HS musicals	3,837	0	366	3,471
HS general athletics	13	41,951	42,093	(129)
HS boys basketball	11	16,393	15,050	1,354
HS boys football	10	25,980	25,946	44
HS boys soccer	0	1,845	1,834	11
HS boys baseball	290	8,671	8,390	571
HS boys track	5	7,743	7,742	6
HS cross country	10	590	598	2
HS boys golf	3	400	397	6
HS boys wrestling	0	5,653	5,439	214
HS girls basketball	7	9,000	7,935	1,072
HS girls volleyball	3	4,550	3,936	617
HS girls soccer	6	2,889	2,840	55
HS girls softball	(163)	8,730	8,108	459
HS girls track	(5,846)	5,912	0	66
HS girls golf	6	650	651	5
HS yearbook	(1,789)	24,616	19,023	3,804
HS newspaper	0	100	180	(80)

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
HS cheerleading	1,713	0	1,137	576
HS central sensations dance	1,213	1,628	1,998	843
HS FFA	862	32,897	32,286	1,473
HS food production	326	756	1,223	(141)
HS national honor society	2,018	2,527	1,662	2,883
HS student council	3,025	9,119	9,047	3,097
HS SADD	767	0	0	767
Baseball concessions	1,206	0	1,206	0
HS class of 2007	3,367	152	3,519	0
HS class of 2008	571	12,973	10,227	3,317
HS class of 2009	165	438	50	553
HS class of 2010	0	144	31	113
Publications trip	0	3,052	2,487	565
Ekstrand special olympics	0	1,425	1,300	125
Ekstrand student council	879	1,965	1,901	943
Ekstrand resale	0	4,813	4,813	0
Total	\$ 61,652	306,239	286,550	81,341

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2007

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 27,574	122,387	113,591	36,370
LIABILITIES				
Accounts payable	0	80	0	80
Due to other groups	\$ 27,574	122,307	113,591	36,290
	\$ 27,574	122,387	113,591	36,370

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FOUR YEARS

		Modified Accrual Basis			
		Years Ended June 30,			
		2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$	6,219,477	5,481,937	5,446,878	5,482,019
Tuition		360,671	371,388	370,479	423,082
Other		839,859	756,758	628,988	742,359
Intermediate sources		8,321	3,332	6,847	923
State sources		7,336,027	7,203,485	7,095,910	6,855,614
Federal sources		270,098	279,964	328,961	381,623
Total		\$ 15,034,453	14,096,864	13,878,063	13,885,620
Expenditures:					
Instruction:					
Regular instruction	\$	5,084,403	4,758,348	4,844,291	4,895,670
Special instruction		1,942,885	1,884,306	2,194,872	2,258,272
Other instruction		1,480,076	1,510,257	1,086,120	1,121,948
Support services:					
Student services		586,018	508,169	523,889	511,424
Instructional staff services		449,007	422,505	397,983	398,076
Administration services		1,296,742	1,285,114	1,409,492	1,328,615
Operation and maintenance of plant services		1,031,531	1,014,598	969,635	879,635
Transportation services		643,292	867,954	651,042	621,878
Other support services		0	0	0	85,835
Non-instructional programs		0	8,341	1,136	6,516
Other expenditures:					
Facilities acquisitions		3,103,586	569,556	361,492	179,475
Long-term debt:					
Principal		630,000	600,000	575,000	550,000
Interest and fiscal charges		134,389	159,723	182,884	205,115
AEA flow-through		510,131	481,919	473,224	472,520
Total		\$ 16,892,060	14,070,790	13,671,060	13,514,979

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
FOOD DONATIONS (non-cash)	10.550	FY 07	<u>47,345</u>
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 07	29,451
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 07	<u>169,764</u>
			<u>199,215</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1082-G	<u>107,911</u>
STATE GRANTS FOR INNOVATIVE PROGRAMS	84.298	FY 07	<u>2,077</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 07	<u>5,881</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 07	<u>49,376</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 07	<u>9,947</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 07	<u>87,669</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 07	<u>7,035</u>
TOTAL			<u>\$ 516,456</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Central Community Schools of Clinton County and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of the
Central Community Schools of Clinton County:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Central Community Schools of Clinton County as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 5, 2008, which was qualified because of the lack of capital assets. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Community Schools of Clinton County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Central Community Schools of Clinton County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Central Community Schools of Clinton County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Central Community Schools of Clinton County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Central Community Schools of Clinton County's financial statements that is more than inconsequential will not be prevented or detected by Central Community Schools of Clinton County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Central Community Schools of Clinton County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-07 is a material weakness.

Compliance and Other Matters

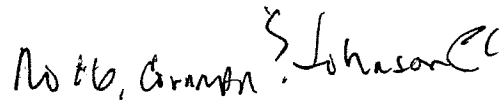
As part of obtaining reasonable assurance about whether Central Community Schools of Clinton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Central Community Schools of Clinton County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Central Community Schools of Clinton County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Central Community Schools of Clinton County and other parties to whom Central Community Schools of Clinton County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central Community Schools of Clinton County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

March 5, 2008

NOLTE, CORNMAN & JOHNSON P.C.
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(a professional corporation)
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Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Central Community Schools of Clinton County:

Compliance

We have audited the compliance of Central Community Schools of Clinton County with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Central Community Schools of Clinton County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Central Community Schools of Clinton County's management. Our responsibility is to express an opinion on Central Community Schools of Clinton County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Community Schools of Clinton County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Central Community Schools of Clinton County's compliance with those requirements.

In our opinion, Central Community Schools of Clinton County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

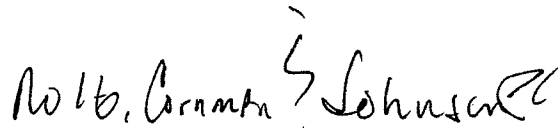
The management of Central Community Schools of Clinton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Central Community Schools of Clinton County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central Community Schools of Clinton County's internal control over compliance.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-07 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Central Community Schools of Clinton County and other parties to whom Central Community Schools of Clinton County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Nolte, Cornman & Johnson". The signature is stylized and cursive.

NOLTE, CORNMAN & JOHNSON, P.C.

March 5, 2008

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, but was not a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies

Clustered Programs:

 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Central Community Schools of Clinton County did not qualify as a low-risk auditee.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-07 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person in the Student Activity fund.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

II-B-07 Clothing Purchased for Employees - We noted during our audit that the District purchased clothing for coaches out of the Special Revenue, Student Activity Fund.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District may wish to refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing such as team jackets for coaches, to District employees in lieu of using public funds.

Response - We have discussed the clothing issues with coaches and administrators. We will not be purchasing those items from the Activity Fund in the future.

Conclusion - Response accepted.

II-C-07 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state

and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

There are Interest accounts. These accounts should be allocated among the Student Activity Funds that earned the interest. This allocation should be done at least annually. Interest earned should be distributed to individual accounts within the Student Activity Fund.

There were scholarships paid out of the FFA and HS Student Council accounts. Scholarships need to be paid out of the Private Purpose Trust - Scholarship Fund. The checks were written to the students. The checks should be written to the college and student.

Response - Scholarship checks from FFA will be processed in the recommended way. Any other transactions in the Activity Fund that were determined to be inappropriate for that fund, will be monitored and adjusted for next year.

Conclusion - Response accepted.

II-D-07 Photo Image Checks - We noted during our audit that District receives their checks from the bank as photo images showing only the front of the checks. Chapter 544D.114 of the Code of Iowa requires both the front and back of check images to be retained.

Recommendation - The District should contact the bank to rectify the situation. The District should receive the photo images showing both the front and back of the checks or the original issued check.

Response - We have contacted our banking institutions and made arrangements to get copies of front and back of checks.

Conclusion - Response accepted.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

CFDA Number 10.553 - School Breakfast Program
CFDA Number 10.555 - National School Lunch Program
Federal Award Year 2007
U.S. Department of Agriculture
Passed through the Iowa Department of Education

III-A-07 Free and Reduced Lunch Applications - We noted during the audit that one of the free and reduced lunch applications was marked as free and should have been marked as denied.

Recommendation - The District should review the procedures in place for filing free and reduced lunch applications to ensure that the applications are filed correctly. The District should contact the Department of Education to correct the necessary reports.

Response - We have reviewed our procedures and now have a secondary approval process. Hopefully, this will catch any errors in the future.

Conclusion - Response accepted.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-07 Certified Budget - District expenditures for the year ended June 30, 2007 exceeded the amount budgeted in the other expenditures function.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - We did amend the budget during the year; however, the construction costs were incurred faster than anticipated and the project was done earlier than planned. In the future, we will amend the budget correctly for anticipated expenditures.

Conclusion - Response accepted.

IV-B-07 Questionable Disbursements - We noted disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979. (See Comment II-B-07)

IV-C-07 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-07 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rogena Owens, teacher Spouse owns DeWitt Cleaners	Cleaning uniforms	\$1,367
Trish Thayer, teacher Spouse is manager of The Office Center	Office equipment and supplies	\$28,002
Diane and William Prichard, teachers Owners of Opera house Theatre	Rent	\$250
Madonna Schlotfeldt, food service	Cakes for reception	\$118
Bev Bousselot, teacher Spouse is co-owner of Scott Drugstore	Film and supplies	\$167
Rodney Wold, bus driver Owner of Wold's Petro Shop	Tire repairs	\$320

In accordance with the Attorney General's opinion dated November 9, 1976, above transactions with the spouses of the District's employees do not appear to represent a conflict of interest.

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with the owners of businesses do not appear to represent a conflict of interest.

- IV-E-07 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-07 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-G-07 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- IV-H-07 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-I-07 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.